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INFO SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
MILLENNIUM CHALLENGE CORPORATION
DEPT OF COMMERCE WASHDC

SIPDIS

EB/CBA FOR DWINSTEAD
AF/S FOR HTREGER
PRETORIA FOR FAS: RBICKFORD
JOHANNESBURG FOR FCS: PWARD
JOHANNESBURG FOR TDA: DSHUSTER

E.O. 12958: N/A

TAGS: BEXP BTIO ECON ETRD EAID EINV ABUD MZ
SUBJECT: Embassy Maputo's FY07 BFIF Proposal

REF: 06 State 189849

¶1. Post requests funding in the amount of USD 25726 under the Business Facilitation Incentive Fund (BFIF) for FY07.

¶2. Embassy Maputo proposes the following project for FY07. We are requesting funding for only one project as we consider Commercial Outreach essential to increasing trade between the US and Mozambique.

Project 1: Commercial Outreach, USG Trade Agency Promotion and US Export Market Development

¶A. Justification.

Commercial outreach, including conveying information about increased trade potential under AGOA, OPIC and Ex-Im financing possibilities and trade show opportunities, is critical to strong US participation in Mozambique's economic growth, as well as increased exports to Mozambique.

Mozambique's large size (twice as big as California and twice as long) and restrictive transport infrastructure means that commercial outreach activities in the capital city, Maputo - which is located in the far southern corner of the country and has less than 10 percent of the country's population - reach only a very limited audience. For would-be US exporters and investors to fully benefit from Post's commercial outreach, it is essential that available programs and information be disseminated throughout the country. For this reason, Post believes that one of the most critical roles of the Commercial Section is to conduct commercial outreach throughout the country.

Commercial outreach beyond Maputo City continues to be a vital tool to increasing trade between the U.S. and Mozambique. Outreach this year also will be timely, with the Millennium Challenge Corporation (MCC) in the final stages of negotiating a compact that is likely to provide opportunities for US companies to enter into Mozambique. This compact focuses on the northernmost provinces, where other exciting synergies are occurring. In Cabo Delgado, exploration for oil and gas by American company Anadarko will soon begin. USAID has an ongoing project in the north to develop the tourism industry. (Note: USAID's program encompasses Cabo Delgado, Niassa and Nampula provinces. End Note) Tete continues to be the focus of interest as a giant Brazilian consortium, in conjunction with a U.S. investor,

moves forward with development of rich coal deposits in the area. Ancillary business and export opportunities are likely to follow all of these activities. The goal of Post's Commercial Section is to ensure that information and opportunities are widely disseminated and relationships with valuable contacts deepened.

This project proposal corresponds with Post's MPP goal of promoting economic growth and development - namely, to improve the business and investment climate; encourage mechanisms that build Mozambique's competitiveness and trade capacity and help U.S. investors and exports; and to promote rural income growth. This outreach program will build off of the BFIF-supported Commercial Outreach conducted in summer and fall 2005 and supports the Hub's, USDA's and USAID's continuing program activities.

I.B. Planning Milestones.

Post will build off of the Commercial Outreach programs conducted with our BFIF FY06 grant, expanding the program to reach even more potential investors/purchasers.

Commercial Outreach Content:

The cornerstone of the Commercial Outreach project involves roundtable meetings with local politicians, businesspeople, entrepreneurs, academics, farmers and commercial associations to discuss all of the following:

- Business Concerns
- Trade Facilitation Issues
- Success Stories

- AGOA, OPIC, ExIm Bank, USDA, FSC and USTDA programs and opportunities
- American products and services relevant to the region/specific businesses

Along with meeting with the Mozambican community, it is important that the Commercial Outreach include meetings with U.S. businesses located in the provinces to discuss investment concerns and opportunities and, time permitting, site visits.

Travel:

April 2007: Niassa/Cabo Delgado Provinces
May 2007: Nampula/Zambezia/Sofala Provinces
June 2007: Inhambane/Gaza Provinces
July 2007: Manica/Tete Provinces
August 2007: Maputo Province (no flight travel necessary)

I.C. Estimated Costs.

The estimated cost for the Commercial Outreach program is USD 25726.

- i. Tete/Nampula/Cabo Delgado Provinces
Total Cost: USD 8848
USD 2660 - Airfare
USD 4188 - Lodging/Per diem
USD 1500 - Transportation
USD 500 - Conference Room

- ii. Niassa/Zambezia Provinces
Total Cost: USD 6996
USD 2200 - Airfare
USD 3196 - Lodging/Per diem
USD 1200 - Transportation
USD 400 - Conference Room

- iii. Inhambane/Gaza Provinces
Total Cost: USD 4836
USD 1140 - Airfare

USD 2396 - Lodging/Per diem
USD 900 - Transportation
USD 400 - Conference Room

iv. Manica/Sofala Provinces
Total Cost: USD 5046
USD 1350 - Airfare
USD 2396 - Lodging/Per diem:
USD 900 - Transportation:
USD 400 - Conference Room:

ID. Point of Contacts (USDH and FSN).

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IE. Leveraging Funding.

Post reviewed possibilities for leveraging funding from other agencies. Post has discussed the possibility of other agencies joining the Economic/Commercial Officer on Commercial Outreach trips (USDA/FAS and the Trade Hub) in order to create synergies between agencies and increase impact. Both agencies have indicated their willingness to fund regional representatives during one or more provincial trips. Post also plans on working with USAID when setting travel dates to build off of existing USAID travel plans.

IF. Outcome/Success Criteria.

A successful outcome will see increased interest on the part of Mozambican companies, farmers, entrepreneurs and businesspeople to buy American and greater utilization of US agency products and expertise to help facilitate purchase transactions. In addition, the project will be successful

if Post is able to provide more specific, guided assistance to an increased number of potential U.S. investors and/or exporters regarding potential markets and opportunities. Likewise, Post expects this Commercial Outreach to increase the Mozambican investors' and entrepreneur's knowledge of AGOA, OPIC and ExIm Bank, increase export of product to the United States and increased ability to understand and navigate U.S. import requirements. Ultimately, a successful outcome will be reflected in increased trade and investment. To assess effectiveness of the Commercial Outreach program, Post has identified three main indicators to monitor success: 1) U.S. Exports to Mozambique, 2) Mozambican Exports to the U.S., and 3) Share of Foreign Direct Investment in the Mozambican Economy.

IG. Follow-Up Strategy.

Post will continue regular outreach with contacts in each province, providing them with US trade policy guidance, information on trade show opportunities. These contacts will also allow Post to remain informed regarding potential investment and export opportunities for U.S. companies and to provide current assessments of provincial and national business environment. In addition, Post will continue ongoing contact with the GRM, as well as new contacts made on the provincial level, to support business-friendly commercial, legal and labor reforms and implementation.

Dudley